

EXECUTIVE SUMMARY

Germany and the Juncker Plan IN FOCUS: three steps to reconcile fiscal consolidation and investment

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Unsurprisingly even within the ‘Brussels bubble’ economists cannot agree on the ultimate result of President Juncker’s European Fund for Strategic Investments (Juncker Plan). The mobilisation of additional funding mechanisms—over and above agreed national and EU frameworks—has caused unease with those who have prioritised budgetary consolidation as an immediate policy imperative. However, this note highlights that fiscal balance and increased investment are not mutually exclusive political actions, but rather form important elements of a sustainable economic policy framework.

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Summary
Member states need action to ‘Reconcile bubble’ economies. The Juncker Plan for Strategic Investments is a challenge. The mobilisation of additional funding mechanisms—over and above agreed national and EU frameworks—has caused unease with those who have prioritised budgetary consolidation as an immediate policy imperative. However, this note highlights that fiscal balance and increased investment are not mutually exclusive political actions, but rather form important elements of a sustainable economic policy framework. This is a policy imperative for member states and particularly for Germany. It is a policy imperative for Germany, as the largest state, to lead the way. It is a policy imperative for the EU, as the largest state, to lead the way. It is a policy imperative for the world, as the largest state, to lead the way.

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